

Hochul's State of the State Promises Crackdown on Auto Insurance Fraud

New York's Gov. Kathy Hochul said she wants to target auto insurance fraud, but an observation from the personal-injury bar said her plan doesn't do enough to hold "Big I" accountable.

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New York Governor Kathy Hochul delivers 2026 State of the State Address in Albany, New York on Tuesday January 13. Photo: Darren McGee/ Office of Governor Kathy Hochul

New York Gov. Kathy Hochul's fifth State of the State address on Tuesday pledged a full-on attack on auto insurance scams, hoping to reduce the Empire State's nation-leading rates of \$336 monthly, a result of what the Democrat said is "rampant fraud and runaway litigation."

In a policy message that stressed making New York more affordable, Hochul said her administration had identified fraud as a major driver of elevated auto insurance premiums, with staged crashes allowing for "jackpot" payouts from insurance companies or juries.

"When the system allows out-of-control payouts, the costs are passed onto you in the form of higher monthly premium bills," she said during her nearly hour-long address at the Empire State

Plaza in Albany.

"We're putting the brakes on fraud, branding a system that rewards illegal behavior," she added. "If you are driving drunk, driving without a license, or committing a felony at the time of the crash, you should not get a payday. This is about finally standing up for millions of New York drivers who deserve a break."

Hochul's remarks from the Empire State Plaza drew strong criticism from the state's personal-injury bar, which suggested Hochul's plan would let Big Insurance off the hook.

Her administration said there were 1,729 staged crashes in 2023—the latest stats available—ranking New York second-highest in the nation in the dubious category.

Insurance carriers reported a record high of 38,270 incidents of suspected motor vehicle insurance fraud in 2023 to a state regulatory watchdog, the Department of Financial Services.

Hochul vowed to take a "whole-of-government" approach to cracking down, galvanizing the state's Motor Vehicle Theft and Insurance Fraud Prevention Board to "zealously" probe and prosecute fraud across the state.

The governor's plan includes tasking DFS, the DMV, the Division of Criminal Justice Services and the New York State Police to coordinate enforcement.



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Photo: Darren McGee/ Office of Governor Kathy Hochul

The Hochul administration says the current law handcuffs insurers' ability to protect law-abiding customers against fraud and abuse by capping to just 30 days the time they have to identify, investigate, and report instances of fraud.

Although New York's auto insurance rates average just over \$4,000 a year, about \$1,500 more per year than the national average, Hochul said most drivers here are not to blame.

The governor's office, which notes that during the past two years, both commercial and private auto insurance companies have paid out more in claims than they collected in premiums, proposes what it says are "common-sense reforms" to target fraud and halt bad actors.

The administration said the hefty rates are a result of a morass of outdated, overly complex laws that don't necessarily translate to fairer outcomes regarding accidents.

There was pushback, and one point of agreement on consumer costs, from the leader of a major attorneys' group.

Listening to the governor's address, New York State Trial Lawyers Association President Andrew Finkelstein said her plan would only stand to stick New Yorkers with the bill, limiting the rights of

injured residents and shifting the cost of medical care onto them "while insurance companies ride free."

"Car insurance premiums are too high, and the insurance industry's playbook of fraud, delay, and denial must be stopped," Finkelstein agreed before transitioning to criticism.

"The Governor's proposals not only fail to address affordability for New Yorkers, they simply shift costs from Big Insurance to taxpayers. This address asks New Yorkers to believe that billion-dollar insurance companies will lower premiums if crash victims get less care. History shows the opposite. Insurers cut costs, pocket the savings, and premiums never go down."

The association president went on to call Hochul's plans on car insurance "nothing more than a Victim Tax."

In other topics, Hochul, who has been in office as the state's 57th governor since 2021, and is in an election year, criticized federal policies, including tariffs and immigration actions, and stressed the need for responsible fiscal management.

"This moment carries real threats from Donald Trump and his enablers in Congress, driving up costs on everything from groceries to farm equipment with these reckless, reckless tariffs, killing major infrastructure projects that put union members to work," the governor said.

Yet, during the year of uncertainty due to federal policies, Hochul expressed that the state was prepared, having "built the boat to withstand the storm."

She vowed to make transformative investments without raising taxes, nor thrusting "the next generation with mounds of debt."

Any of Hochul's policy initiatives during the 2026 legislative session, which commenced on Jan. 7 and runs through June, would need approval by the state's two legislative chambers.

Hochul said she also wants to:

- Enable legal accountability for Immigration and Customs Enforcement agents who act outside their lawful scope by allowing New Yorkers to bring civil lawsuits when federal agents violate their constitutional rights, and require judicial warrants for civil immigration raids in schools, hospitals, daycare centers and houses of worship. The governor has yet to take a stance on the New York For All Act, a bill that would restrict local New York law enforcement from cooperating with ICE.
- Require disclosures on artificial intelligence-generated images and videos used in election contexts, and strengthen laws prohibiting deep fakes that impersonate candidates or

deceive voters; and

- Automatically extend orders of protection when defendants fail to appear in court. Her administration said during such instances, the orders lose their enforceability, when victims are most at risk.

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